

**CITY OF TAKOMA PARK, MARYLAND
(ADOPTED 01/10/05)**

**WORKSESSION & BUDGET WORKSESSION
OF THE CITY COUNCIL**

Wednesday, April 7, 2004

OFFICIALS PRESENT:

Mayor Porter
Councilmember Austin-Lane
Councilmember Barry
Councilmember Elrich
Councilmember Mizeur
Councilmember Seamens
Councilmember Williams

City Manager Finn
Deputy City Manager Hobbs
City Clerk / Treasurer Waters
Community & Government Liaison Ludlow
Public Works Director Lott
Human Resources Coordinator Hampton
Police Chief Creamer
Recreation Director Haiduven
Communications Manager Moffet
Library Director Arnold-Robbins
ECD Director Daines

The City Council convened at 7:34 p.m. in the Council Chambers of the Municipal Building, 7500 Maple Avenue, Takoma Park, Maryland.

PUBLIC COMMENTS

Robert Lanza, Cedar Avenue, Member of the City Manager Selection Committee recalled that at the meeting of City Manager Selection Committee on Thursday an issue came up about Mr. Finn's tenure on July 11, when he is no longer City Manager. According to the schedule, we will have a new City Manager at that time. The understanding is that Mr. Finn will be a consultant after that time. There was discussion about his relationship with the new manager. There was some disagreement among opinions of the committee members. Council might want to raise the question about how a new manager will relate to an outgoing manager. He advised to take advantage of Mr. Mercer being here today and tomorrow, suggesting that the Council should explore whether the relationship between the outgoing/incoming managers will work.

Alain Therry expressed concern about the management of the rolling agenda. On March 22, he downloaded the rolling agenda. He understands that items come and go, but noted that the item regarding service levels for Public Works was added after that date. He talked to some Councilmembers who were not aware that this item would come before the Council at this time. He questioned how the rolling agenda is managed. It looks like a complete manipulation of the

agenda.

Mayor Porter clarified that the matter has been on the agenda for some time but may have been titled differently. In response to the concerns of some Councilmembers, she wanted to show what some service level reductions and cuts would effect. She expressed desire to later hear from the Councilmembers about whether they would like to pursue this presentation from other departments. Items change in terms of format as we get closer to presentation dates.

Councilmember Seamens complimented the Mayor on tonight's agenda. When he first heard that the proposed budget would be very late this year, he was concerned that the Council would not have a lot of time to finalize the budget. Three months of discussions have been compressed down to three weeks. He was happy to see the items on tonight's agenda. We should drop non-essential items (e.g., recodification topics) until the budget process is completed. He asked that upcoming agendas be revised in a similar way to provide more discussion of budget-related items prior to the proposed budget being released.

Ms. Porter clarified the history on the way that the Council has dealt with the budget in the past. This information has previously been presented in mid- to late-April. When City Manager Finn came in, he took more of a forward look at projected revenues and expenses, as well as dividing the discussions so that more took place earlier in the calendar year. This evolved over his tenure. We are trying to not confine all of the budget discussions until we have a proposed budget on the table. We are looking at some topics prior to the budget being formulated. Tonight's discussion of Public Works was an item that had a narrowed scope. In talking to the department managers, we discovered that it would take more time than tonight's agenda would allow to cover all City departments. We are trying to make the budget discussions more useful. She thanked Mr. Seamens for his comments.

Mr. Therry said he appreciates the Mayor's comments. He noted that in Rockville, Poolesville and Montgomery County, budgets were all available prior to the end of March. The presentations of these budgets are vastly superior to our process.

Ms. Porter responded that our budget is generally available at this time and thanked Mr. Therry for his comments.

WORKSESSION

1. Community Center Construction Update.

Councilmember Williams reminded all that he volunteered to be the Council's lead person for providing updates on the project. He started putting a fair amount of time into gathering information and learning about the project. It is a very important project that will make a good contribution to this community. He realizes that this type of project can be difficult, disruptive and cause frustration. There is a need to pay attention and also, act responsibly and reasonably

with each other. He said we will be a better City because of the project. He proposed to have updates every week. Information will be posted as it is gathered along with the Tuesday agenda package. He explained the link structure for the update information. Mr. Williams noted that a wrong version went out in the Friday package, but that the redistributed copy is correct (24 page version).

Mr. Williams addressed the issue of the square footage and the break-out by rooms. Toward the back of the packet, the first thing to look at is page 17 which is a summary of office space usage. It shows an average increase of about 11%. He noted that some of the existing square footage figures include hallway which might lead one to thinking that the office space is greater than actual. The point to be made is that office space only increases by about 11%--not 60%. He remarked about the other space use, referring to page 23 where there is a summary comparison of community use space. He commented that he does not feel that the Mayor really has an office now or that she will be getting a new office, noting the variety of uses of the current office. For Phase I and the flipping around of space use, you will see about a 302% increase in community use space.

Mr. Williams referred to the community center finances information. He used the latest figures and explained some of them. He will have more information about the pending change orders for next week. There is a tentative balance of \$634,774 to deal with remaining items. The explanatory notes relate to some of the expenditures. He referred to the information on Page 5 about decisions that need to be made in the near term. We need to make a decision by May 1st about whether to keep the price that is locked-in with the contractor. More information will be available by April 26 to aid in the decision about whether to go with the contractor's price or to break-out the work elements for different costs. The assumptions include the \$750,000 from the County and \$500,000 from the State. There are continued concerns about the HVAC for upstairs. As potential change orders are resolved, a dollar figure and work dates are identified. He suggested an estimated completion date of Phase I some time in December 2004. There will be other issues to address in 2005.

He will also report on the weekly updates that City staff provides, with respect to what is happening with the project and potential issues. We are dealing with PEPCO wires at the intersection of Philadelphia/Maple. Also, there is coordination with the school about installation of a water inlet. He will come back with details about the value engineering, and will take the figures provided this week and update with the changes that have taken place as the process evolves.

Ms. Porter noted the decision that has to be made by April 26. She will propose that the Council have two discussions (April 19 and 26). There were some options proposed in the past about what to do with the interior design. The discussion on April 26 will address the specific issue of the contract proposal for the upstairs renovations.

Councilmember Austin-Lane thanked Mr. Williams for this information. She is much more confident about the details that they are getting from him. It is very helpful to finally have some

of these questions answered. Given that the center is in Ward 1, she is very protective of this project. She noted that former Councilmember Rubin probably shares the same interest. She commented on the rolling agenda that was in the package and requested that community-center decision points/dates be added to the rolling agenda. How will we address the remaining options (e.g., facade, holding cells, Grant Avenue turn-around, etc.)?

Ms. Porter said she wants to talk about all of those items on April 19, along with how they fit into the project.

Ms. Austin-Lane commented, April 19 is more of an overview discussion.

Mr. Williams said he was hoping to provide a comprehensive list of the things that we need to do. He wants to have that for the update next week.

Ms. Porter said she wants to provide adequate time for the Council to discuss items related to the community center. She wants to have time for budget discussions. She is trying to move everything off for a month or more. She is trying to work with staff to prioritize the items that have to remain on the upcoming agendas and that she will be meeting with staff tomorrow.

Ms. Austin-Lane suggested that the recodification items should be moved until after the budget. She wants to see the budget discussed every week.

Ms. Porter said she was not sure that it will be every week, but the budget and community center will be driving the agenda for the next couple of months.

Mr. Seamens said that he raised the question about the floor space for the building. He thanked Mr. Williams for the obvious amount of work that went into preparing this information. He still remains with the basic question about who makes the decisions and who authorizes the decisions. When he hears about potential changes to the plans (e.g., police holding cells), he wants clarification about who makes those decisions. Does the Council have to approve?

Ms. Porter said she hopes to talk about the holding cells on April 19.

Mr. Seamens said he would like to have a list of all the outstanding work that is not funded, with amounts for each item. It is important that we prioritize the items.

Ms. Porter said they will discuss the overall project and set priorities on April 19. She said the discussion of the proposal for the upstairs will remain on April 26.

Councilmember Mizeur asked whether there will be other information from additional contractors about the elements of upstairs work for the April 26 meeting.

Mr. Williams clarified that they are working on that information. He noted that the contractors are in the process of pouring the concrete for the extension of the main level. He pointed out that

there is a grotto of the brick and mortar that will be used in the project, located on the Library grounds. The roof will be dark gray. Some of the other color details are being discussed with residents. Howard Kohn is working on these discussions.

2. City Manager Process.

Mr. Mercer, Consultant for City Manager Search reported that the cut-off date for applications was the end of the month. He received seventy-five resumes which may increase by any that were received, postmarked by the deadline. He divided applicants into three groups. It looks like there are fifteen individuals who best meet the criteria. He will talk to the City Manager Selection Committee tomorrow night about those applicants and the rationale for identifying these out of the group. There is a need to agree on the rationale for narrowing the pool further and how to proceed with the interview process. The pool will start disintegrating after a period of time if we do not proceed. He hopes to establish some dates for applicants to come to the City for interviews. He needs a little time for the committee and him to review the applications. He commented on his memorandum suggesting the process for interviews. Some suggestions about what will work well for the City's search have been provided. Having a simple interview is not really sufficient for a full evaluation. There are some other recommendations that will provide the Council with more information (e.g., a two-day process, bringing in the candidates for a tour of the City, etc.). Before coming, candidates are sent a packet of information about the City (e.g., budget, descriptive information, issues, City Charter, etc.). Perhaps before they are interviewed by the Council in a formal capacity, they should have the tour of the City. He would encourage the Council to have them meet some of the department heads in a setting that they can get a sense back-and-forth. He does not want to put Department Head's in position of selecting a new boss, but we should give each party an opportunity to meet the other. There are a lot of ways that this could be done (e.g., a breakfast or luncheon meeting). The key part of the two-day process is to have a time for the Council to sit down in a formal setting and evaluate the candidates. He indicated that he will provide the Council with background information, sample questions, how to conduct an interview, evaluation forms, and areas of questioning that they should probably stay away from. He will set up instruction packets once we set some dates, and be here through the process to facilitate the activities. The Council needs to decide how the Committee will be involved. He suggested that there be a public reception on the evening prior to the interviews, sort of a mixer for the candidates to meet some of the community members. There are a number of things that could be done—some identified in the memorandum as options. He noted another client who began the day with candidates taking time to present themselves to that Council with a flip chart (5 minutes to prepare; 3 minutes to present). Some did it real well—indication of their organization skills. He did another exercise where the candidates were tasked with discussing a problem while that Council watched on. These are good approaches, but you have to decide whether you will get the information that you are looking for. There is an application, interview and instruments that get at a candidate's skills, organization, etc. to obtain a profile (management style inventory). He remarked about his experience with the Myers Briggs instrument.

Ms. Austin-Lane expressed confusion. At previous meeting we heard from the Committee that there was some feeling that group interviews may not be the way to go. Why then are we still only talking about group interviews?

Ms. Porter clarified that Mr. Mercer is putting some ideas on the table. She will then give committee members a chance to respond.

Ms. Austin-Lane asked about the time-line.

Mr. Mercer replied--three to four weeks from now at the very most. There are a number of things we can do to keep their interest up.

Ms. Porter indicated that we need to do this by mid- to late-April.

Ms. Austin-Lane asked whether we can interview candidates as various steps are taken for individual candidates, if we do go with a staggered interview process. We might be able to start a review of some of the candidates.

Nancy Cohen, Co-Chair of the City Manager Selection Committee distributed an information sheet outlining some planned selection activities. She spoke to someone who has been a City Manager and was told that many of the candidates may know each other. This lends candidates to wondering whether they want to be part of a group interview process, or do they want more individualized attention. The Committee is in need of collaborative direction about how to proceed. They want to know more about the process that will occur from the time that resumes are received and the date of the selection. We have developed an evaluation matrix. We would like to have an opportunity to review the information about the fifteen candidates and then provide the committee's feedback regarding the applicants. We would like to offer some questions that could be included in Mr. Mercer's process which we could later evaluate against a similar matrix. The committee needs to know the desired time-frames. We want to see how people respond to specific issues that we put forth, and will review quality and the form of the responses. In a week, the committee can have a good draft of the questions. She questioned the committee's role in the final process. She recognized that the Mayor indicated the desire for the Council to interview the candidates separate from the Committee members. She wants the Committee's role to be more than social. The Council needs to identify time-frames and responsibilities.

Ms. Porter suggested that the discussion focus on some specific topics. (1) Time frame - The original time line was developed with knowledge that a candidate would need time to give a current employer notice of departure. There is usually some negotiation time with the candidate. She explained some of the process point dates. (2) How the selection will be made - Mr. Mercer has done a first sort. If the committee is comfortable with that, he could work with that group to get to final pool that the Council interviews. (3) Interview process for final candidates. Ms. Porter noted some concerns to keep in mind: (1) not to have a large gap between the July 11 date and the time when the new manager comes in; and (2) not stringing candidates along, so long

that they give up or take other jobs and we lose them. Is there a way to compress the time frame envisioned by the committee to accomplish their desires.

Ms. Cohen recognized that Mr. Finn will be staying on for some time. So, is there a need to stick hard and fast to the July 11 date?

Mr. Williams restated that the overriding concern on the date is to make sure that we do not string-out applicants and lose them. He did think that we have some flexibility with the transition.

Ms. Porter added that we also designed it so that there would be some overlap. Mr. Finn will be here as a consultant both to bring the person up to speed and to give them some history.

Mr. Williams said he wanted to hear from Mr. Mercer about the ability to stretch the time line.

Mr. Mercer said some of the things we want to do we could do in parallel. If we want to send out a questionnaire, we should do that before reference checks. He would not want to do a background check on all fifteen candidates. From general experience and frankly, the approach used by most search firms in the public sector, candidates are not brought in one at a time. He noted that his experience has been that this does not create a troublesome situation for candidates. Most of the time it is not a problem.

Mr. Williams said his sense is that they come at the same time but are isolated so that they do not mix for a single discussion with Council.

Mr. Mercer replied that in doing it that way, we will compress the time a bit. Bringing them in individually will start stringing-out the process. A lot of people will be involved with these folks when they come in.

Ms. Austin-Lane asked how many we want to get down to for interviews.

Mr. Mercer suggested five. This is about the right number. You will feel that you have seen a sufficient quantity of candidates before making a decision. It also allows for the possibility that someone could drop-out.

Mr. Elrich said he would like to compress the time frame. He is not comfortable with stretching it out. He is skeptical about a one page answer to a set of four questions, not seeing how the answers would tilt the results of all of the other factors in the process. He would favor bringing in the candidates and have them meet with different interest groups. Mr. Elrich suggested the use of the video interviews with responses to the four questions. The committee and Council would then be able to review the interviews. This would allow us to get a better feel about the candidates versus a written response on paper.

Dan Robinson, Co-Chair of the City Manager Selection Committee asked whether this could be

done.

Mr. Mercer replied that there are different ways you can video candidates. We could use this as a preliminary screening tool. You could have someone film them at their location and then submit the tape. The problem is the varying quality of the videos. The other option is an interactive video.

Mr. Elrich said he was thinking interactive.

Mr. Mercer commented that when they are here, the candidates could be interviewed and then the video reviewed.

Mr. Barry offered, maybe we could have a journalist or two from the community come in and interview the candidates. This might leave an opening for a fifth question at the discretion of the journalist. It would be important for the committee to meet the candidates, as well as the City management staff—feedback that would be provided to the Council. He agreed with Mr. Elrich's comments about the questions and written responses, supporting the video process.

Ms. Mizeur asked whether the Committee is comfortable going with the recommended fifteen candidates.

Ms. Cohen noted that they have a qualifications subcommittee who has offered to review the other resumes. But, given the time constraints, we may need to stay with and focus on the fifteen candidates.

Ms. Porter said it seems that there are two critical actions that need to take place. (1) The Council was looking at the Committee being a partner in making the final selection. The Council definitely needs to interview each finalist as they come in. She thinks that it would be good for the Committee sub-group to do interviews and then bring comments back to the Council. A private session between the Committee and the individual candidates could take place. (2) In terms of the selection process, she found it helpful last time that she received a list of all candidates that the committee thought were comparable to the most highly ranked candidates by the consultant. They were ranked in tiers.

Ms. Austin-Lane expressed concern that they are going over old ground. She thought we discussed that Council was interested in getting information from Mr. Mercer and the Committee about all of the candidates.

Ms. Cohen confirmed that the fifteen candidates have not been ranked separately.

Ms. Austin-Lane said it was her understanding that the Committee wanted to see all of the resumes.

Mr. Robinson said they will look at all seventy-five resumes, but will have a strong eye toward

the list of fifteen candidates.

Ms. Austin-Lane asked what will happen if the Committee finds another two (or more) candidates that they would like added to the fifteen candidates.

Ms. Cohen said the Committee would note them as additions to the recommended fifteen from Mr. Mercer.

Ms. Austin-Lane said it seems like a fine idea to have the Committee send out and have time to review the responses to the questions. She is struggling to get a clear idea of where we are at this point in the process.

Mr. Elrich commented that the discussion is still on the table.

Mr. Robinson said we have not talked about the interview option. It is a new idea.

Catherine Tunis said the various options, video interview and written responses, evaluate a different set of skills. The federal senior executive service requires candidates to answer a set of five critical-thinking questions. You want someone who has balance. The candidate should be able to write cohesively and present themselves and insights about how they have handled different problems. These are the kinds of thoughts that were going on in Committee discussions.

Mr. Elrich said that if you want a thoughtful statement, it needs to be more than one page.

Ms. Cohen said this is not an unusual exercise. She has worked in Human Resources for twenty years.

Ms. Mizeur asked about confidence in written responses (i.e., that they were written by the candidates).

Ms. Cohen responded that it is a very revealing exercise. It has been very useful and has probably served to eliminate more people.

Ms. Austin-Lane said she did not see why it would be incompatible with Mr. Mercer's option.

Mr. Robinson said he will be meeting with Mr. Mercer tomorrow night and could discuss a time line that would incorporate the written questionnaire.

Ms. Porter asked whether it would be sent to all fifteen candidates.

Ms. Cohen responded we could do that or could further narrow the pool and then send the questionnaire to a smaller group.

Ms. Porter said that once there is a consensus about the finalists, questionnaires to the fifteen would be part of the process of narrowing the group from fifteen to a smaller applicant group.

Mr. Mercer remarked that with the exception of those he knows in the pool of fifteen and have checked out in the past (approximately five), based on what they appear to have in their backgrounds and the desires expressed by the City, it looks like they are the best of the seventy-five applicants. Doing full background and reference checks on fifteen is not advisable. The City could do preliminary background checks on the fifteen. He suggested they find a way to interview the fifteen candidates (e.g., telephone interview by his staff). The questionnaire could go on in parallel with some of the activities he is planning. He thinks they could work together and get down to a smaller group pretty quickly.

Mr. Williams suggested to have parallel processes that do not have to conflict. When we have candidates coming in, we would have people here who are not occupied with the entire group.

Ms. Austin-Lane said she is not sure that we have decided on having all five candidates come in over the same two days.

Mr. Williams said the important thing is the parallel processes between the two groups. The question process can be made shorter so that it does not extend the time frame. The difference in this and the senior executive process noted by Ms. Tunis is that those candidates have bought into that process. We have candidates that we could lose over time.

Ms. Austin-Lane suggested they could notify the candidates that they are in the process and then schedule their meetings at different times.

Mr. Williams said it was important regarding Mr. Mercer's fifteen that the committee sees, from their perspective, the fifteen are in alignment with their selection. While he does not want to look at all seventy-five, he wants to have a sense of the applicants just below the cut-off. He wants an opportunity to look at a little larger group.

Ms. Porter directed everyone back to focus on tonight's decisions. Are we going to hold to the original schedule? Is there an assumption to stick to the schedule (as close to the end of this month as possible)?

The reached a consensus to conduct the selection process over a period of four weeks.

Ms. Porter suggested they do not have to decide how they will do the interviews of final candidates tonight, but do have to decide on the process of getting to the pool of seventy-five (or fifteen, if the committee agrees to Mr. Mercer's choices), down to the final candidates.

Ms. Cohen said she is confused about what Mr. Mercer is doing.

Mr. Robinson noted that Mr. Mercer has made the first cut. This is what we were expecting.

Things are going along as anticipated. There is not a problem. If the committee identifies anyone outside of the top fifteen, we would have Mr. Mercer follow-up on those candidates as well. Mr. Robinson urged taking advantage of Mr. Mercer's expertise.

Ms. Porter expressed she wanted to see all of the fifteen and the ranking of those candidates. The committee may want to include more.

Robert Lanza, Member of the City Manager Selection Committee reminded that the Committee wanted to look at all of the applications.

Ms. Mizeur asked whether he is intending to look at the applications without knowledge of Mr. Mercer's chosen fifteen applicants.

Mr. Lanza said they would want to know about Mr. Mercer's fifteen candidates and just confirm that the committee concurs.

Mr. Barry said there is a tool called critical incidents. He described the tool. He was concerned about the time frame and the questionnaire/responses. He suggested not to do 4-5 questions--do a single question.

Mr. Seamens added that he looks for the Committee and Mr. Mercer to work together to bring the first cut to the Council. He likes the idea of possibly video taping some of the interview process and the idea of the candidates speaking with the different groups (Council, managers, committee). There should also be some discussion between the groups as the candidates move from one group to another (to identify strengths and weaknesses).

Ms. Porter said that by May 7 the candidates will have been here and had their interviews. Mr. Mercer has indicated that we have to schedule interviews with the candidates.

Mr. Mercer advised to give the candidates a week to ten-day notice.

Ms. Porter requested the Council to come to an agreement about the date. They wanted to have a final decision by May 11.

Mr. Williams said he was willing to add a week.

Ms. Austin-Lane asked when we are going to get to the list of the five final candidates. When do we interview the fifteen and then make the selection of five?

Ms. Porter responded that we are trying to stay on track to come to an end point. Mr. Williams has said that he is comfortable extending the schedule by a week.

Mr. Seamens said he wants Mr. Mercer and the Committee to have some flexibility. He does not care about the schedule. He is concerned about losing candidates. He wants to have time to

accomplish all of the necessary steps.

Mr. Mercer reminded that he is meeting tomorrow night with the Committee. He would like to review what has been done and to explain the rationale. The Committee would need to decide about whether to add/delete from the group of fifteen. They would then need to collectively agree to what we would do to reduce the pool and by what dates.

Ms. Porter asked what is a reasonable deadline to avoid losing candidates.

Mr. Mercer advised in a month or less. The Council has made a decision or at least agreed to the point of having candidates come here for interviews.

Ms. Porter said one of problems that we will have with our schedule is that as we get into May and will be doubling-up Council meetings for budget discussions. She gave a strong recommendation to schedule interviews by the end of April.

Ms. Mizeur asked when we are letting the fifteen candidates know that they are in the process. Can we reasonably expect that the committee is willing to accept the fifteen from Mr. Mercer as the original folks, with possibly a few additions. Those candidates should then get notice. What is coming out of tomorrow night's meeting to jump start this process and let them know that they are finalists?

Mr. Mercer replied that they are people who we are interested in getting more information on. Tomorrow we can agree on what we are going to do and then have his firm get in touch with potential candidates to let them know what additional information we are attempting to get.

Ms. Cohen noted that Mr. Mercer has seen all of the applications. We will be meeting tomorrow to see them for the first time. We are a Committee of thirty-two people.

Mr. Robinson said he is interested in facilitating this process the best we can as a group.

Ms. Austin-Lane asked whether the Committee can set a plan for when it will confirm the fifteen chosen by Mr. Mercer.

Mr. Robinson said that a plan is the action item for tomorrow night's meeting. We are aware of the time concerns. If Mr. Mercer can contact the individuals and get a sense of their time sensitivity, that will be important.

Ms. Porter said there is a large advantage to the Council completing the interview process by the end of April. Are we going to try to stick to the schedule that has interviews completed by end of April? Council wants to see both Mr. Mercer's and the Committee's ranking of approximately fifteen candidates, as well as the top five rankings, which they will discuss with Mr. Mercer tomorrow night.

Ms. Mizeur asked if Mr. Mercer can start talking to the fifteen candidates he has identified.

Ms. Porter advised that Council members join tomorrow night's meeting.

Mr. Seamens requested, as an outcome of tomorrow's meeting, a schedule with milestones.

Mr. Robinson said, if we get the tiers to the Council by April 21, that would only give the Council two days to make a decision on the top five candidates.

Ms. Austin-Lane inquired when the discussion about the top five will take place at the Council level.

Ms. Porter said there is a need to have a discussion about the interview process. She asked Mr. Mercer to come back to a meeting prior to the end of the month.

Mr. Mercer agreed.

Ms. Cohen confirmed the Committee could also participate in that discussion.

BREAK - The Council took a brief recess at 9:44 p.m. and later reconvened.

3. Preliminary Revenues & Expenditures (FY04 and FY05).

City Manager Finn reported that for the past few years, he has come to the Council at this time to present very preliminary numbers related to the process. In addition this year, we have selected one department to carefully look at services levels in a very systematic way. The first time that we sit down, without exception, our revenues do not equal expenditures. Our job after tonight and getting Council direction, will give us a feel for where we have to make additional cuts. The City Manager will submit a balanced budget. He noted that City Clerk/Treasurer Waters worked with former Treasurer McKenzie before/after her retirement to put together this information. One of the things we struggle with each year, even though the County Executive submits a budget in mid-March, is that we have to get numbers from the State and County. You need both pieces in order to start the process (revenues and expenditures). He noted that the adopted FY04 revenues were \$14,016,340. The projected FY05 revenues are \$14,177,567. We then look at expenditures. He noted some of the assumptions (e.g., 18% increase in benefits, 2% increase in salaries, etc.). He cited the projected FY05 personnel services figure of \$9,712,138.

Deputy Manager Hobbs clarified there is about \$50,000 of overtime that has been taken out of the budgets. He explained the reason for the variance in the overall personnel services figure, versus the individual cost increases for elements in the personnel services numbers.

Mr. Barry asked what services are cut by the reduction in overtime.

Mr. Hobbs said he will discuss that further if we have to make further cuts. Right now, he has not heard strong arguments from departments heads to maintain at past levels.

Mr. Finn commented on the operating expense projections. He gave the departments the directive that they were not allowed any increase in operating budgets unless there were uncontrollable costs (i.e., phones, gas, electricity).

Mr. Barry asked about the allocation for the first six months.

Mr. Finn said he had looked at the first six months, and will better refine the numbers. He remarked about Debt Service.

Ms. Austin-Lane asked whether we have fixed interest rates.

Mr. Finn replied in the affirmative. He commented on the Non-Departmental budget.

Mr. Hobbs explained that part of this budget is related to the day laborer site costs (about a \$40,000 increase).

Ms. Porter noted that the County is providing an allocation.

Mr. Finn said the Capital Improvements Program (CIP) budget number is based on the schedule of capital items. The big part of that is \$500,000 for streets.

Ms. Porter confirmed that the Community Center budget is shown in separate accounts.

Mr. Finn said the Equipment Replacement Reserve (ERR) is offset because it is shown in the revenues. It is scheduled to be done next year. He noted that we are getting back on track with the \$100,000 contribution to the ERR. He commented on the contribution history. We have a special revenue transfer that will be \$23,078. Total expenditures are projected at \$14,945,615 (6.6% increase from FY04). We have expenditures exceeding revenues by \$768,048. At this stage, this is not unusual. We will go through and do some adjustments. The departments have already gone through over the past couple of years and tightened up their budgets. We have shown in the revenues the loss of \$350,000 (County police rebate). He can provide the Council with the Community Center Revenue and Expenditure accounts.

Ms. Porter said the accounting has generally carried the community center as its own account. The debt service that we pay on the \$2M bonds comes out of the general fund.

Mr. Seamens questioned how the community center fund was established.

Ms. Porter said it was part of a prior year budget discussion.

Ms. Mizeur expressed concern that there may be public criticism that the City is still hiding

community center revenues/expenditures.

Ms. Porter said this is just a first cut at numbers. It will be refined in the coming weeks.

Ms. Mizeur continued her remarks about the conspiracy theorists.

Mr. Hobbs clarified that this is not even current as of today.

Mr. Elrich requested staff to add the community center numbers into the presentation for the next discussion.

Mr. Barry asked what is the main source for making up the current deficit.

Mr. Finn said he could not say and will go back and look at a number of things. He will hear the Council's comments about the presentation tonight. Would Council like to look at the potential savings noted tonight and/or at other departments in the same way? Based on more recent information, we will fine tune the revenues. As we get closer to the final product, we will get more final numbers. He hopes to be successful with the County in negotiations about the rebate loss. We are projecting a \$600,000 carryover. In past years, we have carried over a larger number. We have put on a hiring freeze (with exception of Police) and a restriction on purchases.

Mr. Barry asked could we get advance notice on decisions to freeze certain positions.

Mr. Finn replied in the affirmative. Staff was informed on Friday. It is an attempt to conserve funds. It is a tactic used by cities.

Ms. Austin-Lane wished to compare the information tonight to prior years. She does this when she has received numbers to prepare the proposed revenues.

Mr. Finn and Ms. Waters shared a response. Calls were made to get information from the State and County. Some responses were slow. Numbers may have been available for presentation about one week earlier, but not much more than that.

Mr. Barry commented that he found this document very useful and well done. He would hope to have this type of document made available for each department.

4. Public Works - Budget Cuts and Services.

Mr. Finn thanked Mr. Lott and his staff for working very hard in two days to come up with this document. Department head's were given direction that they were not to simply cut line items, but to look at service levels. He will be getting similar information from the other departments by the end of the week.

Public Works Director Lott commented on each of the potential service reductions.

Mr. Hobbs said he would have to meet and confer with the Union before eliminating the two mechanic positions. There is a required process.

Ms. Austin-Lane confirmed that downsizing is not a short process.

Mr. Hobbs said we can eliminate a position that is not filled.

Mr. Barry asked what percentage of employees are covered by Union.

Mr. Hobbs said about 80 positions—almost all of Mr. Lott's staff are in the Union.

Mr. Lott continued his presentation.

Ms. Austin-Lane asked whether the mechanic positions do the cosmetic repairs to cars.

Mr. Lott responded that all maintenance to the City fleet is handled by Public Works. They send out the vehicles for cosmetic repairs. He continued.

Mr. Williams noted the mandatory use requirements that come on-line in 2006 which are in-conflict with the elimination of bio-diesel fuel.

Mr. Lott continued.

Ms. Austin-Lane asked for the percentage of new versus old meters.

Mr. Lott replied that 70% are the old meters.

Mr. Elrich asked if we have enough of the ones we have replaced, to use as parts for the ones still on the streets.

Mr. Lott stated that they could use some of the parts.

Ms. Austin-Lane questioned about the leaf collection proposal. She confirmed that the County fees, as presented, apply to adjacent County residents.

Mr. Barry confirmed that City residents are not paying this fee to the County.

Mr. Elrich asked about the cost to the City.

Mr. Lott clarified the \$34,500 (i.e., laborers, rakes, boxes). A cost of about \$400/laborer/week through the season.

Mr. Seamens remarked that the right-of-way workers are full-time staff who supplement this effort, but are not included in the \$34,500 figure.

Ms. Mizeur asked about the number of pick-ups for County residents.

Mr. Lott replied that there are two. He has been told that in many instances, the second pick-up is before the final leaf fall. County residents do not have the luxury of calling and requesting a special collection. It would still cost about \$14,500 to augment the sanitation crew to pick-up what would be missed by a vacuum collection. The City still has to collect in parks.

Ms. Austin-Lane noted that trucks are not included in the figure.

Ms. Mizeur said there is an increase in the special pick-ups if there is no vacuum collection.

Mr. Seamens asked would there be less need for the trucks if there is no vacuum collection.

Mr. Lott replied in the negative. We use them for many things other than leaf vacuum service. He continued with the presentation.

Ms. Austin-Lane questioned whether the aeration of Jequie and Spring could be combined under an agreement with the County for the maintenance of Ed Wilhelm and the other athletic field.

Mr. Finn said he could explore that option.

Ms. Porter confirmed that the Green Machine is used in other areas of the City.

Mr. Lott noted an upcoming presentation for the street cleaning program. He explained that in certain areas of the County, the County provides solid waste and recycling collection. For those residents, they pay the County \$66. There are other areas where the County does not provide service, and they have to go out and contract for their own service which could be much more expensive.

Ms. Austin-Lane asked how much we would save if we were to transition the collection over to the County.

Mr. Lott replied, at least \$400,000. If we handed it over to a contractor, we would still have to pay tipping fees and recycling fees. He is not sure how to calculate how these fees would be handled.

Ms. Austin-Lane asked how these fees are dealt with by the County for the services they contract out.

Mr. Lott said he did not know.

Mr. Finn said he can go back and get additional information. He provided clarification that these are not things that staff is “proposing.” These are reductions that Council would have to direct.

Mr. Lott explained that if the service were sent to a contractor, the City would lose 9 positions.

Ms. Austin-Lane added that the City would also have savings in terms of vehicle costs.

Mr. Seamens wished to make it clear that the Council is not making a decision tonight to eliminate positions.

Ms. Porter said staff will clarify the numbers related to the County fees (e.g., \$66 per quarter).

Mr. Elrich asked if staff could find out what the private contractors pay their employees.

Mr. Finn said that under the new County ordinance, they have to pay the local living wage.

Mr. Elrich asserted that it works out to a big difference from what we pay employees.

Mr. Finn continued. He commented on semi-automated refuse collection.

Ms. Porter said they talked about it before and that she would like more information. She noted the notion that does not have immediate savings, but is more a matter of long term savings.

Mr. Lott continued.

Mr. Williams noted that sanitation crews are still paid on a task basis.

Mr. Lott said that on Mondays, which are yard waste days, crews may work 10 hours. He commented on the work of the Gardens Division (including leaf collection in the parks).

Ms. Austin-Lane asked if there is a procedure to take care of stumps in rights-of-way. There are some in Old Town.

Mr. Lott responded that we are aware of the stumps and are working to identify a contractor. He continued.

Ms. Austin-Lane asked whether the engineering services component of the Engineer’s budget are coordinated with Economic and Community Development (ECD).

Mr. Lott noted that ECD no longer has a GIS specialist. Work has to be contracted.

Ms. Mizeur thanked Mr. Lott for this presentation. It is obviously difficult for any of us to reduce services, but it is presented well enough in advance to allow time for community discussion. She appreciated the work that was put into this presentation.

Ms. Austin-Lane seconded those comments. It represents a lot of hard work and thinking. For the additional information requested, could it just come to us as information in our packets?

Mr. Lott replied in the affirmative.

Mr. Seamens thanked Mr. Lott and Mr. Finn for this presentation. It answers the question about a similar presentation from other City departments. He would like to hear those presentations before being presented with a proposed budget. What would you identify as an essential service?

Mr. Lott said, a couple of years ago, he would have said that sanitation is an essential service, and it is “essential.” We still have to arrange for its provision. Building maintenance, custodial services and street programs are also essential.

Mr. Hobbs added, when we present the FY05 budget, we are going to present it similar to how we presented the FY04 services (FY04 and FY05 numbers side-by-side).

Ms. Austin-Lane noted the item in the City Priorities about a \$50,000 contract to explore services.

Mr. Finn said that is a little different. It would be contracted to explore the duplication of services between County and City, including an analysis of rebates. He thinks the rebates will continue to be an issue. He sees a need for a thorough outside evaluation of what the City is providing and what the County is providing. The final report would provide information that could better position the City to bargain with the County within the confines of the State law.

The Council reached a consensus to receive the same presentation from other departments.

Mr. Hobbs commented on the timing of the proposed budget.

Ms. Porter said they will stay on track with the budget process and get in as many discussions as soon as possible.

(NOTE: Mr. Williams departed at 11:19 p.m.)

5. FY05 City Priorities.

Community & Government Liaison Ludlow noted the revised copy of the agenda item. She cited the priority areas. Staff took the summary of the Council’s discussion of the priority items and looked at what kinds of initiatives would help implement the items. She did not receive any Council comments about her notes from the Council discussion. So, staff worked from those notes. She asked that the Council to pay close attention to the summary caption for each priority area as it captures the intent. She explained the chart presentation of the possible initiatives.

Items that are shaded were not the top choices among items to keep the overall total in the same range as FY04. There are some members of staff who would rather have not made recommendations, but would rather leave the selection to the Council.

Ms. Porter requested to add to C-1 (“...ensure that residents have opportunity to participate in City decision making”).

Ms. Ludlow clarified in C-1 the \$10,000 from the 9000 account is essentially “experimental” monies related to communications.

Ms. Porter asserted she would like to have the communications office come back and make a presentation to the Council about what the office wants to do, and then have a discussion with the Council about the priorities. She requested them to do this after the budget discussions.

Mr. Barry agreed this would be great. He recommended the addition of a communications plan under the FY05 performance measures.

Mr. Elrich said that he is not sure how useful it is to go through this tonight. It should be rolled into the budget discussion. He would rather take this and re-address it in the context of the larger budget. He observed that Ms. Ludlow is going to tell the Council just what is in writing.

Ms. Ludlow agreed she did not have to go through it in detail.

Mr. Finn asserted that staff just needs direction from the Council about what to include in the proposed budget. Where do you want to go for the next year with respect to priorities?

Ms. Porter said that the Council has to give Mr. Finn a baseline.

Mr. Elrich offered that staff should just give the Council a balanced proposed budget and then provide this list of additional initiatives.

Mr. Finn urged that he needed to know what to include in the proposed budget.

Ms. Ludlow said that the Council will find that many of these things are things that we are doing now. For this evening, staff would very much like to make sure that our descriptions of the priorities are correct, along with the titles. We would like to get a quick sense of what items the Council sees as essential.

Ms. Porter proposed that unless the Council has a problem with the proposed “benchmark” figure, then we go with the proposal and take up possible additions later. She does not disagree with the proposals. Regarding C-3, Council could better communicate with staff about meetings with community organizations. If it were to do this better, it may remove the concern that was basis for this recommendation. She noted that in C-4, the reason it is not recommended is because it is estimated to require additional staff time.

Mr. Finn clarified, if Council wants staff to do this activity, we would need to have additional resources based on past experience.

Ms. Ludlow noted that she has comments from Mr. Williams. He agreed with staff recommendations and had some questions about the community center fund raising and litter control. He thought that community outreach coordination, money for public art and a matter regarding the Youth Council should be added.

Ms. Mizeur spoke on C-4, noting that when she proposed this, she did not know that it had been tried in the past. In talking to Mr. Seamens and former Councilmember Rubin, they were thinking to jump-start the Council. We were not thinking it would cost this much money. We were not seeing it as a staff driven thing. She saw Councilmembers as being the driving force. She would like for it to remain on the priority list.

Mr. Finn suggested that Ms. Mizeur talk with Ms. Ludlow and work on the number. If they come back with \$1,000 for minimal staff costs, it could probably be included.

Ms. Ludlow said she will look forward to that proposal.

Ms. Mizeur referred to the subject of PS-3 and her thought that it would not cost this much.

Mr. Finn said to participate, we would have to have an officer assigned to the program. If it is a State grant to the County, he would like to see someone from the County participate with us to make it work.

Ms. Porter suggested that they talk to the Chief about this one.

Ms. Mizeur said that it may evolve into a discussion about how to focus on the pattern of auto theft in our community. She would like to show something that we are practically doing. Regarding F-1, she does not know that this has to be done in a \$50,000 study. In the context of our budget discussions, it makes sense to hear this kind of review.

Ms. Ludlow clarified that this proposal was for an equity study that would produce the kinds of statistics that would result in good bargaining information.

Mr. Elrich said, since we know politically what we are going to have to do, we need to convince the other Maryland Municipal League (MML) groups to participate in the cost for this study. The presentation of the FY04 services which included what is and is not rebated was very helpful and done in-house.

Mr. Finn stated we can again provide that information.

Ms. Porter said she would agree with not doing a \$50,000 study, but wonders how far we could get with a graduate student intern (would lose the political perspective, but could add it later).

Ms. Ludlow said she can look into that approach. The reason we assigned this cost was because there are consultants who specialize in this type of study.

Mr. Finn said you have to be able to know the right questions to ask the County and know how it works. They are not going to cooperate.

Ms. Porter said we do not see this ending up as a law suit because she does not see the State law as being supportive. A large part of this is the strategy. She noted a very illuminating workshop at the MML Convention last year (Takoma Park was one of the model municipalities).

Mr. Seamens expressed he was glad to see PS-2, but puzzled by the comment “yes - if staffing permits.” If identified as a priority, they should drop the contingent phrase.

Mr. Finn said he thinks that Chief’s concern deals with getting up to full staff before then assigning someone to this effort.

Mr. Seamens concluded that the department has been up and down with strength of force, so this will not be a priority and not get done.

Chief Creamer said that drugs are a very high priority in the City, but patrol work comes first. It does not make sense to send someone out to be trained for drug patrol and then have to pull that person back for patrol work.

Mr. Seamens asked where drug enforcement comes in the order of priority.

Ms. Mizeur asserted that auto theft come below drug enforcement

Chief Creamer clarified the patrol function is the backbone of the department. Councilmembers are trying to compare two different aspects of law enforcement. We have to draw from specialty units when we need officers on patrol.

Mr. Seamens asked whether officers are also pulled from drug enforcement.

Chief Creamer posed the question of whether she should pull an investigator from a murder or rape case when the next one occurs.

Mr. Seamens said that drugs are a problem and a priority. We need to fulfill our responsibilities even when that may be difficult.

Chief Creamer said we ask for assistance from the County when needed. We work investigations when they involve drug issues. We are struggling in a lot of areas right now. Our numbers are down. We will send someone to drug enforcement training when we have staff levels back up. She provided an example of a patrol officer working with an investigator, which resulted in seizure of weapons and a pound of marijuana.

Mr. Seamens urged that drug enforcement should be a part of the overall plan. He wants to talk to the Chief more about this issue.

Ms. Austin-Lane agreed. She amplified Mr. Seamens' comments. She thinks that there are a lot of ways that residents are not served. As the County makes decisions about cutting our funds, we have to look at whether we are able to provide a number of services. We are failing in parking enforcement.

Chief Creamer and Mr. Finn collectively disagreed.

Ms. Austin-Lane said we do not have the reputation. Auto crime and drugs are hugely important focuses. If we cannot tackle these areas, then we should think of another approach to addressing these issues.

Ms. Mizeur commented that while she agrees with some of the concerns and that these things are priorities, the Chief and department are working hard to address these issues.

Ms. Austin-Lane said if County residents are better served, then we need to carefully look at our service areas.

Mr. Seamens said he understands the Chief's comments about staffing issues and does not support stretching officers to the point that are ineffective.

Mr. Elrich admitted the Council is somewhat to blame for this situation because we have increased the number of officers. He does not think that a comparison to the County force is reasonable. If the Council wants this to be a priority of the 41 officers, then we should tell the Chief to cut back on patrols and direct a reassignment for these other areas. We have increased the force to put more officers on the streets. People want a presence in the community. That has effects on other things. This department does work with the City. The County has done activities in the City and at times, we have participated in those activities.

Mr. Seamens said he would welcome any different plan from the Chief, including recommendations to pull resources from things we have traditionally supported.

Chief Creamer said the expectations are very high in this community, as they should be. We strive to provide a more personal level of service at the local area. She remarked about the Community Oriented Policing (COP) priority. She just took a number of officers from patrol to create a fifth division for COP. She remarked that she often feels that she is chasing her tail because priorities at various levels are constantly changing. She realizes that law enforcement requires flexibility and is looking for very qualified officers who meet our expectations, not just warm bodies. Chief Creamer commented on recruitment efforts. Auto theft and drug enforcement are priorities. She takes offense when people criticize the level of service. We are working very hard.

Mr. Seamens said he has been complimentary of the Chief's efforts. He is just asking that if drug enforcement is a priority and remains on this list, then the department should be creative in providing the resources, and then present the Council with a proposal that may result in community rebuttal and allow him to talk to colleagues.

Ms. Austin-Lane expressed she had not meant to be offensive.

Ms. Porter said, regarding ECD, she agrees with all of the things being done in Old Town. The Council has asked for more emphasis on other areas in the Enterprise Zone (e.g., New Hampshire Avenue). She wants emphasis reflected in the budget.

Ms. Austin-Lane said we have been struggling with the goals process—sometimes too specific and other times, too general. Is there a way to boil down to things that are over and above current services? There are a few things on our plate (e.g., crime cannot be taken off our plate). By changing priorities midstream, that is a disservice. The community center is clearly a priority, as is road repair. Things like efficiency and excellence seem more like direction set by the City Manager. She suggested that we focus efforts on a few things that we will do well.

Ms. Porter said the Council has talked about the goals several times. Where are we on this issue?

Mr. Barry added he would like to see the costs associated with the City Priorities broken out separate in the revenue/expenditure updates. Could staff also include figures associated with the street repair program (i.e., borrowing of monies)?

Mr. Finn replied he would track that money through the special revenue budget.

Ms. Ludlow thanked staff who has worked very hard on this. The format has been revised. She asked the Council to please comment and contact her with questions. She would be happy to have those discussions.

Ms. Porter thanked staff.

ADJOURNMENT

The Council adjourned for the evening at 12:18 a.m.